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Gamma Item

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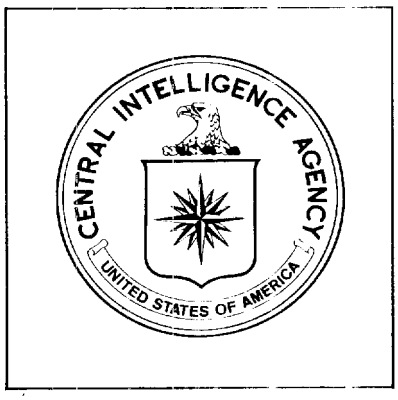

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Approved For Release 2002/01/03 : CIA-RDP79T00865A002000230001-5

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SOVIET UNION - EASTERN EUROPE

This publication is prepared for regional specialists in the Washington community by the USSR - Eastern Europe Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

CONTENTS

October 28, 1975

Yugoslavia: Stalinists in the Dock 1

25X1D [redacted]

Hungary: Central Committee Meets 7

New Iraq-USSR Oil
Development Contract 8

Japan-USSR: Fishery Accord 9

Soviets Seek Help for
Diesel Truck Program 10

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Approved For Release 2002/01/03 : CIA-RDP79T00865A002000230001-5
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Yugoslavia: Stalinists in the Dock

Belgrade's strongest campaign against pro-Soviet subversives in at least four years continues to gain momentum. The US embassy reports that 123 Cominformists are now in Yugoslav jails awaiting trial.

Denunciations of the Cominformists are pouring in from every corner of the country. The party weekly *Kommunist* set off the anti-Stalinist campaign two weeks ago with a stinging attack on "counter-revolutionaries and traitors" who covertly undermine the country's independence and social system. Top level party and government spokesmen have followed up with specific references to the desires of the subversives to attach Yugoslavia to the Soviet "camp." Many of these hints of suspicion about Moscow's attitude toward the Tito regime have been broadcast to the USSR.

The anti-Stalinist hue and cry derives from Belgrade's awareness that the faltering economic performance this year could create an opportunity for a small but highly organized group--like the Cominformists--to undermine the Tito system. Wary that the group might be gathering strength for a strong post-Tito drive for power, the regime appears determined to imprison all the potential Stalinists it can find before it is too late.

Behind this passionate reaction lies a deep-seated fear that Moscow's benevolence toward Belgrade over the past few years only masked an ultimate Soviet plan to restore Yugoslavia, by whatever means, to the Soviet orbit. The current easing of the regime's usual strictures against anti-Soviet propaganda is apparently meeting an overly enthusiastic response from the masses. Last Friday, *Kommunist* sternly warned those who "slander" honest Communists as "Cominformists" that only the subversives stand to gain from the spread of doubts about the leadership.

October 28, 1975

Approved For Release 2002/01/03 : CIA-RDP79T00865A002000230001-5

Approved For Release 2002/01/03 : CIA-RDP79T00865A002000230001-5
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Until recently, the details of the conspiracy, its size, and plans for trials were kept under wraps, but the party and front groups are now filtering out information which implies that some sentences may be doled out soon. Although there are occasional rumors of a public show trial, insiders are now suggesting that the trials will be held in camera, and that the results will be carefully used to feed the current "vigilance" campaign.

According to the US embassy, the Belgrade diplomatic circuit is abuzz with speculation about a new downturn in relations with Moscow, but a full breach is not expected. So long as Belgrade does not indulge in overtly anti-Soviet allegations and Moscow holds its anger in check, the two countries are likely to maintain their uneasy relationship. (CONFIDENTIAL)

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October 28, 1975

Approved For Release 2002/01/03 : CIA-RDP79T00865A002000230001-5
TOP SECRET UMBRA

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Approved For Release 2002/01/03 : CIA-RDP79T00865A002000230001-5

Next 3 Page(s) In Document Exempt

Approved For Release 2002/01/03 : CIA-RDP79T00865A002000230001-5

Approved For Release 2002/01/03 : CIA-RDP79T00865A002000230001-5
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Hungary: Central Committee Meets

At a one-day session on October 23, the Hungarian party Central Committee decided to carry out a party card exchange in 1976. The announcement of the program at the congress last March implied it would be implemented this year. The delay may be the result of nothing more than routine bureaucratic problems.

The session also issued a communique on foreign policy issues that broke little new ground. The document said that detente is gaining ground, applauded the Helsinki accord, and warmly endorsed Soviet proposals for general and total disarmament. It called the SALT negotiations of "very great importance" and plumped for adoption of the Warsaw Pact's proposals at the MBFR talks.

The communique pointed to the Middle East as a continuing source of "considerable danger," reaffirmed full Hungarian support for the Arabs, and disparaged "the optimism" of those "who concluded the Sinai II agreement." The statement supported the Portuguese Communist Party in its efforts to "transform" the country "democratically."

The communique was optimistic about the chances for increased cooperation within the Communist movement, but said only that Hungary "is participating" in preparations for the European Communist Conference. (CONFIDENTIAL)

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October 28, 1975

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New Iraq-USSR Oil Development Contract

The USSR and Iraq have signed a contract for exploitation of the Luhais oil field in southern Iraq. The oil field is expected to produce at least 50,000 barrels a day.

Soviet equipment will be used to construct a gas separation unit, a pumping station, storage tanks, and a power plant. Moscow provided technical assistance and long-term credits in 1969 for exploration of this major oil field. Moscow also will help construct a 50- to 60-mile pipeline connecting the new field with Iraq's pipelines in the south. There is no indication that the Soviets will be involved in financing the $50-million project.

A number of developing nations that received Soviet oil development assistance in the past are now turning to more advanced Western petroleum technology. Iraq, however, appears sufficiently satisfied with Soviet performance to conclude a new contract. (CONFIDENTIAL)

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Japan-USSR: Fishery Accord

The three-year fishing agreement between the Soviet Union and Japan, which took effect Thursday, is aimed at preventing disputes over accidents involving Soviet fishing vessels operating near Japan's eastern Pacific coast.

Soviet trawlers have frequently damaged Japanese fishing gear. Refusal of the Soviet Ministry of Fisheries to pay for these accidents has been a long-standing irritant to Tokyo. Under the agreement, the Japanese can now demand compensation for damage inflicted on their fishing boats and equipment; compensation would be retroactive for two years. The Soviets also agreed to take preventive measures in the future, but refused a Japanese request to exercise restraint in their trawling operations near Japan's coastal waters.

The agreement will be extended automatically unless either of the two parties gives six months' notice of intention to terminate it (UNCLASSIFIED)

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Soviets Seek US Help for Diesel Truck Program

The USSR is planning to make another large investment in truck manufacturing. The Soviets want to obtain US technical assistance and engine design for the production of 200,000 diesel engines a year. The engines are to be built for Likhachev, a leading Soviet truck manufacturer in Moscow, at an affiliate plant to be constructed in Smolensk. Company officials have been discussing the project with International Harvester of Chicago for several months, and prospects are good for conclusion of a contract next year. Party Chief Brezhnev was personally involved in starting the negotiations.

Likhachev's decision to build diesel engines in the 150- to 160-horsepower range probably means that Likhachev's medium sized 3- to 5-ton trucks, now powered with gasoline engines, will be shifted to diesel power. Greater use of diesel power in truck transportation could mean better performance at reduced operating cost. The only current producer of truck diesels in the USSR, the Yaroslavl Engine Plant, builds up to 100,000 engines a year for use in heavy and off-highway trucks. These engines fall below Western standards in quality and performance.

The USSR has sought unsuccessfully for years to obtain Western production technology and design for diesel engines. Successful conclusion of negotiations with International Harvester will be a significant technological gain for the USSR. (CONFIDENTIAL)

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October 28, 1975

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Next 6 Page(s) In Document Exempt

Approved For Release 2002/01/03 : CIA-RDP79T00865A002000230001-5

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